

AMENDED IN ASSEMBLY AUGUST 3, 2016

AMENDED IN SENATE MAY 31, 2016

AMENDED IN SENATE APRIL 25, 2016

AMENDED IN SENATE APRIL 7, 2016

AMENDED IN SENATE MARCH 28, 2016

SENATE BILL

No. 1441

Introduced by Senators Leno and Pavley

February 19, 2016

An act to amend Section 977 of the Public Utilities Code, relating to natural gas.

LEGISLATIVE COUNSEL'S DIGEST

SB 1441, as amended, Leno. Natural gas: methane emissions.

Under existing law, the Public Utilities Commission, has regulatory authority over public utilities, including gas corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. *Existing law requires the commission, in order to achieve transparency and accountability for rate revenues and best value for ratepayers, to consider, among other things, providing revenues for all activities identified and required by certain rules and procedures governing the operation, maintenance, repair, and replacement of commission-regulated gas pipeline facilities, including any adjustment of allowance for lost and unaccounted for gas related to actual leakage volumes.*

~~This bill would, in establishing rates for gas corporations, prohibit the commission~~ *would prohibit the commission, in establishing rates*

for a gas corporation, from allowing a gas corporation to seek or receive recovery from ratepayers for the value of natural gas lost to the atmosphere during the extraction, production, storage, processing, transportation, and delivery of the natural gas, as specified. from certain natural gas facilities under the control of the gas corporation, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 977 of the Public Utilities Code is
2 amended to read:
3 977. (a) In order to achieve transparency and accountability
4 for rate revenues and best value for ratepayers, and consistent with
5 the commission's existing ratemaking procedures and authority
6 to establish just and reasonable rates, the commission shall consider
7 all of the following:
8 (a)
9 (1) Providing an adequate workforce to achieve the objectives
10 of reducing hazards and emissions from leaks, including leak
11 avoidance, reduction, and repair.
12 (b) (1)
13 (2) Providing revenues for all activities identified and required
14 pursuant to Section 975, including any adjustment of allowance
15 for lost and unaccounted for gas related to actual leakage volumes.
16 (2) ~~In establishing rates for gas corporations, to the extent~~
17 ~~feasible as determined by the commission in an individual~~
18 ~~rulemaking proceeding or in general rate cases, the commission~~
19 ~~shall not allow gas corporations to seek or receive recovery from~~
20 ~~ratepayers for the value of natural gas lost to the atmosphere during~~
21 ~~the extraction, production, storage, processing, transportation, and~~
22 ~~delivery of the natural gas.~~
23 (c)
24 (3) Providing guidance for treatment of expenditures as being
25 either an item of expense or a capital investment.
26 (d)
27 (4) The impact on affordability of gas service for vulnerable
28 customers as a result of the incremental costs of compliance with
29 the adopted rules and procedures.

1 ***(b) (1) To the extent feasible as determined by the commission,***
2 ***when establishing rates for a gas corporation in an individual***
3 ***rulemaking proceeding or in a general rate case, the commission***
4 ***shall not allow the gas corporation to seek or receive recovery***
5 ***from ratepayers for the value of natural gas lost to the atmosphere***
6 ***from any of the following natural gas facilities under the control***
7 ***of the gas corporation:***

8 ***(A) Commission-regulated gas pipeline facilities as defined in***
9 ***Section 975.***

10 ***(B) Above-ground storage facilities.***

11 ***(C) Underground storage facilities.***

12 ***(D) Processing facilities.***

13 ***(E) Facilities used for the transportation of natural gas.***

14 ***(F) Facilities used for the delivery of natural gas.***

15 ***(2) Paragraph (1) does not apply to natural gas lost to the***
16 ***atmosphere resulting from an act of God.***